

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS
ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Directors</u> <u>(After September, 2010 Election)</u>		
Dr. Robert Rasmus	President	2011*
Russell Wray	Vice President	2013
Deborah Cook	Member	2013
Derrick Franck	Member	2011
Curt Grigg	Member	2011
Michael Hunter	Member	2013
Neal Adler	Member	2013
William Lyle	Member	2011
Eldon Schroder	Member	2011

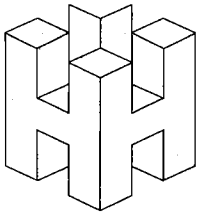
Board of Directors
(Before September, 2010 Election)

Dr. Robert Rasmus	President	2011*
Russell Wray	Vice President	2013
Deborah Cook	Member	2013
Derrick Franck	Member	2011
Curt Grigg	Member	2011
Michael Hunter	Member	2013
Neal Adler	Member	2013
William Lyle	Member	2011
Eldon Schroder	Member	2011

Community College

Dr. Robert E. Dunker	President
Troy A. Jasman	Vice President of Finance and Administrative Services
Brenda S. Bradley	Board Secretary/Treasurer and Executive Director of Human Resources
Gretchen O. Gondek	General Manager

* Board term lengthened or shortened per the Community College's transition plan for changing Board terms from 3 to 4 years in accordance with House File 2620 of the Code of Iowa.



HENJES, CONNER &
WILLIAMS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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505 FIFTH STREET
P.O. BOX 1528
SIOUX CITY, IOWA 51102

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Western Iowa Tech Community College
Sioux City, Iowa

We have audited the accompanying statements of the business-type activities and the discretely presented component unit of KWIT-KOJI FM RADIO, a public telecommunications entity operated by Western Iowa Tech Community College, as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Radio Station's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Radio Station's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of KWIT-KOJI FM Radio, a public telecommunications entity operated by Western Iowa Tech Community College, as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2011, on our consideration of the Radio Station's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Henjes, Corner & Williams, P.C.
Certified Public Accountants

Sioux City, Iowa
September 29, 2011



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of KWIT-KOJI FM Radio, a public telecommunications entity operated by Western Iowa Tech Community College provides this Management's Discussion and Analysis of the radio station's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011 for KWIT-KOJI FM Radio and does not discuss the component unit of Friends of FM 90. We would encourage the reader to consider this information in conjunction with the radio station's financial statements which follow.

FINANCIAL HIGHLIGHTS

- Operating revenues decreased 1.1%, or \$3,222, from fiscal year 2010 (FY10). Corporation for Public Broadcasting support and rental of facilities revenues increased while donated materials and services and other operating revenues decreased.
- Operating expenses were 1.9%, or \$14,116, more in FY11 than in FY10. Programming and production, broadcasting and management and general all increased while program information decreased.
- Net non-operating revenue increased 1.2%, or \$4,568, from FY10 mainly due to an increase in state support and college support – indirect offset by a decrease in gifts from Friends of FM90.
- The Radio Station's net assets decreased 11.1%, or \$82,504 from FY10.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides management's analytical overview of the Radio Station's financial activities.

The basic financial statements consist of statements of net assets, statements of revenues, expenses and changes in net assets, statements of cash flows and statements of functional expenses. These statements provide information about the activities of the Radio Station as a whole and present an overall view of the Radio Station's finances.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.



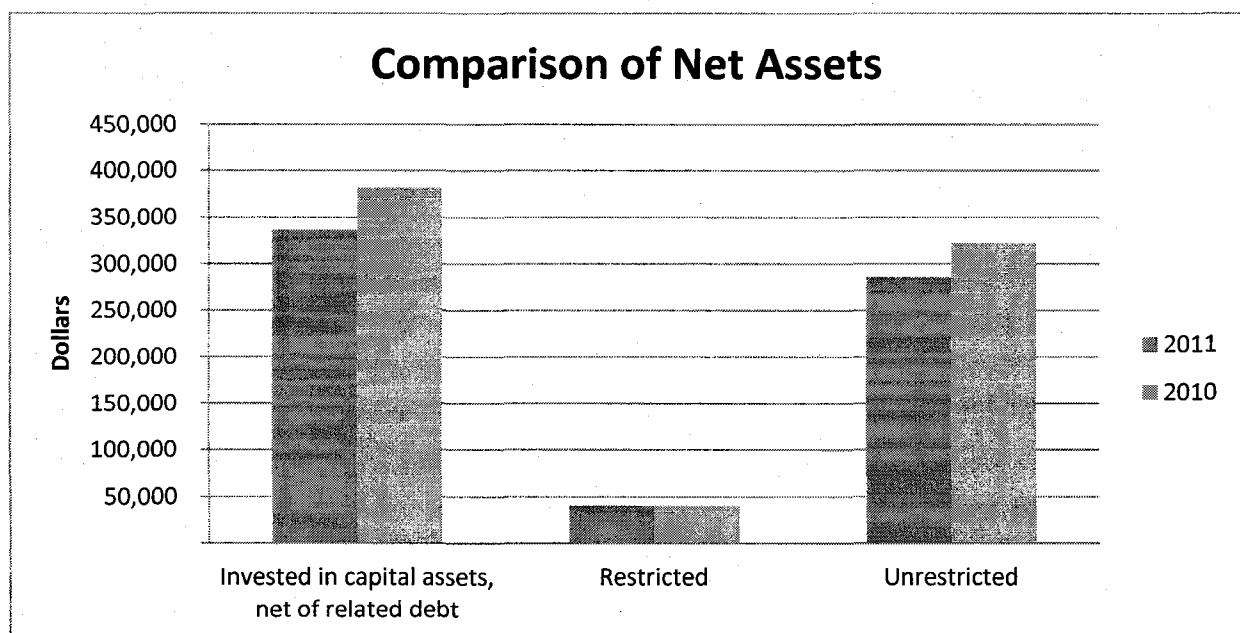
REPORTING THE RADIO STATION AS A WHOLE

The Statements of Net Assets

The Statements of Net Assets presents the assets, liabilities and net assets of the Radio Station as a whole, as of June 30, 2011 which is the end of the fiscal year. The Statements of Net Assets are point-in-time financial statements. The purpose of the statements is to present a fiscal snapshot of the Radio Station to the readers of the financial statements. The Statements of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the Radio Station's financial position by analyzing the increases and decreases in net assets. These statements are also a good source for readers to determine how much the Radio Station owes to outside vendors and creditors. The statements also present the available assets that can be used to satisfy those liabilities.

Net Assets

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Current assets	\$ 312,458	\$ 349,155
Capital assets, net of accumulated depreciation	<u>376,088</u>	<u>421,895</u>
Total assets	\$ <u>688,546</u>	\$ <u>771,050</u>
Current liabilities	\$ 26,845	\$ 26,845
Total liabilities	\$ 26,845	\$ 26,845
Net assets:		
Invested in capital assets	\$ 335,519	\$ 381,326
Restricted	40,569	40,569
Unrestricted	<u>285,613</u>	<u>322,310</u>
Total net assets	\$ <u>661,701</u>	\$ <u>744,205</u>
Total Liabilities and Net Assets	\$ <u>688,546</u>	\$ <u>771,050</u>



The largest portion of the Radio Station's net assets (51%) is invested in capital assets (e.g., buildings and equipment). The restricted portion of the net assets (6%) includes resources that are subject to external restrictions. The remaining net assets (43%) are the unrestricted net assets that can be used to meet the Radio Station's obligations as they come due.

Statements of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statements of Net Assets are based on the activity presented in the Statements of Revenues, Expenses and Changes in Net Assets. The purpose of the statements is to present the revenues received by the Radio Station, both operating and non-operating, and the expenses paid by the Radio Station, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the Radio Station.

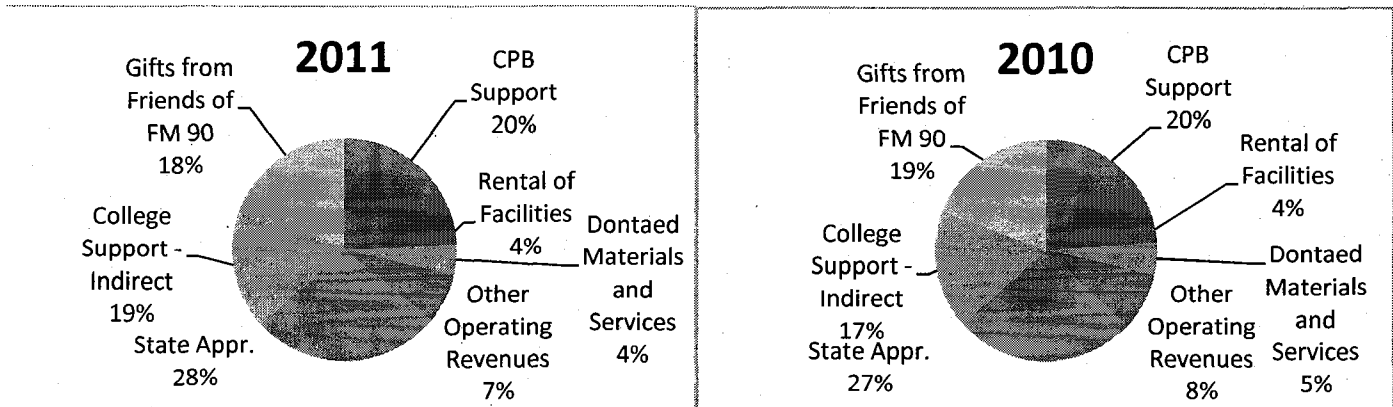
In general, a public radio station, such as KWIT-KOJI FM Radio, will report an operating loss since the financial reporting model classifies state support, college support and gifts as non-operating revenues. Operating revenues are received from the Corporation for Public Broadcasting, rental of facilities, donated materials and supplies as well as other operating revenues of the Radio Station. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the Radio Station. Non-operating revenues are revenues received for which goods and services are not directly provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

Changes in Net Assets

	Year Ended June 30, 2011	Year Ended June 30, 2010
Operating revenue:		
Corporation for Public Broadcasting Support	\$ 171,312	\$ 164,792
Rental of Facilities	33,387	32,924
Donated Materials and Services	37,792	39,101
Other Operating Revenues	<u>59,853</u>	<u>68,749</u>
Total operating revenue	\$ <u>302,344</u>	\$ <u>305,566</u>
Total operating expenses	\$ 768,465	\$ 754,349
Operating loss	(<u>466,121</u>)	(<u>448,783</u>)
Non-operating revenues (expenses)		
State Support	\$ 233,023	\$ 220,331
College Support - Direct	-	-
College Support - Indirect	160,285	143,517
Gifts from Friends of FM 90	150,594	159,621
Equipment	-	(903)
Donated Facilities	(<u>160,285</u>)	(<u>143,517</u>)
Net non-operating revenues	\$ <u>383,617</u>	\$ <u>379,049</u>
Change in net assets	(82,504)	(69,734)
Net assets at the beginning of the year	<u>744,205</u>	<u>813,939</u>
Net assets at the end of the year	\$ <u>661,701</u>	\$ <u>744,205</u>

The Statements of Revenues, Expenses and Changes in Net Assets reflect a decrease in the net assets at the end of the fiscal year.

Total Revenues by Source

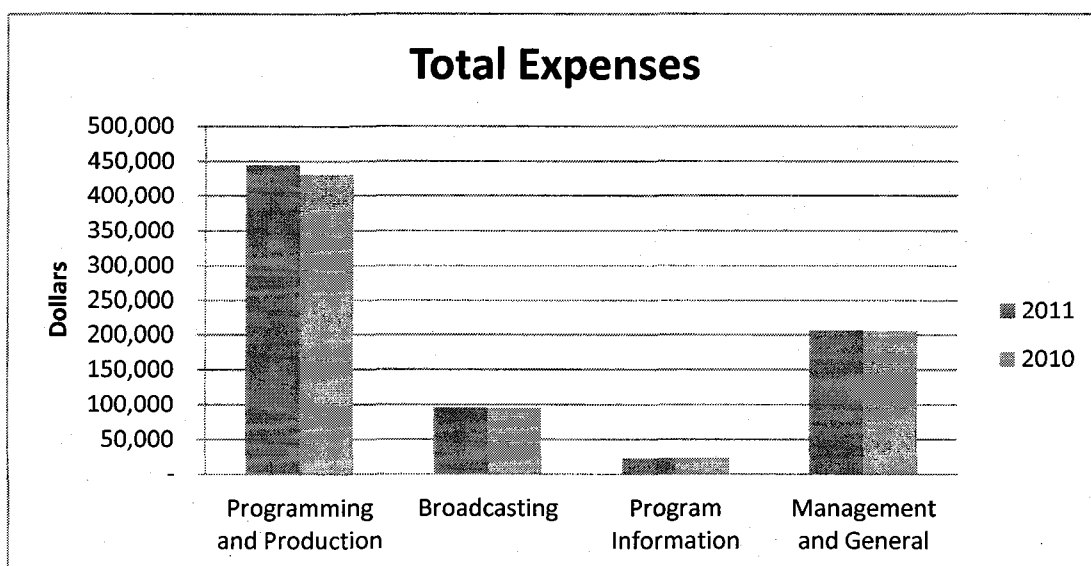


In fiscal year 2011, operating revenues decreased by \$3,222 or 1.1%. The increase was a result of the following changes:

Corporation for Public Broadcasting support and rental of facilities (tower rental) revenues increased while donated materials and services and other operating revenues decreased.

Operating Expenses

	Year Ended June 30, 2011	Year Ended June 30, 2010
Program Services:		
Programming and Production	\$ 444,851	\$ 430,825
Broadcasting	95,033	94,489
Program Information	22,477	23,437
Management and General	<u>206,104</u>	<u>205,598</u>
Total	\$ <u>768,465</u>	\$ <u>754,349</u>



In fiscal year 2011, operating expenses increased by \$14,116 or 1.9%. The following factors explain some of the changes:

Program Services, consisting of programming and production, broadcasting and program information increased \$13,610 due to rising payroll and membership costs.

Supporting Services consisting of management and general increased \$506. This was due to the increased costs of salaries and benefits.

Statements of Cash Flows

Statements of Cash Flows are included in KWT-KOJI's basic financial statements. These Statements of Cash Flows are an important tool in helping users assess the Radio Station's ability to generate future net cash flows, its ability to meet its obligations as they come due and its need for external financing. The Statements of Cash Flows present information related to cash inflows and outflows, summarized by operating, non-capital financing, capital and related financing and investing activities.

Cash Flows

	Year Ended <u>June 30, 2011</u>	Year Ended <u>June 30, 2010</u>
Cash provided (used) by:		
Operating Activities	\$(419,933)	\$(403,768)
Non-capital Financing Activities	383,617	372,311
Capital and Related Financing Activities	-	-
Investing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	\$(36,316)	\$(31,457)
Cash at the beginning of the year	<u>348,093</u>	<u>379,550</u>
Cash at the end of the year	\$ <u>311,777</u>	\$ <u>348,093</u>

Cash provided by operating activities includes grants received from the Corporation for Public Broadcasting, rental of tower space and donor contributions. Cash used by operating activities include salary and benefit and vendor payments. Cash provided by non-capital financing activities includes state support and gifts from Friends of FM 90. KWIT-KOJI FM90 did not have any cash flow from capital and related financing activities or from investing activities.

Statements of Functional Expenses

The Statements of Functional Expense provide the reader with detailed information regarding the program services consisting of programming and production, broadcasting and program information expenses as well as the supporting services of management and general expenses.

CAPITAL ASSETS

At June 30, 2011, the Radio Station had \$376,088 invested in capital assets, net of accumulated depreciation of \$710,965. Depreciation charges totaled \$45,807 for Fiscal Year 2011. Details of the capital assets are shown below.

	Capital Assets, Net, at Year End	
	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Buildings	\$ 286,625	\$ 286,625
Radio Tower	570,814	570,814
Furniture and equipment	<u>229,614</u>	<u>229,614</u>
	\$ 1,087,053	\$ 1,087,053
Accumulated Depreciation	(<u>710,965</u>)	(<u>665,158</u>)
Total	\$ <u>376,088</u>	\$ <u>421,895</u>

There are no planned capital expenditures for the fiscal year to end June 30, 2012.

DEBT

At June 30, 2011, the Radio Station had no debt outstanding.

ECONOMIC FACTORS

KWIT-KOJI FM 90 continues to monitor its financial position in times of uncertain funding from the Corporation for Public Broadcasting. Funding from state support and gifts from the Friends of FM 90 continue to play a more significant part of the operations of the Radio Station. Some of the realities that may potentially become challenges for the Radio Station to meet are:

State support for fiscal year 2012 is expected to increase approximately \$55,562 over the prior year.

Expenses will continue to increase. Costs associated with serving radio listeners will continue to increase. The increased cost of health insurance benefits continues to prove problematic in budgeting.

With the exception of state support, the Radio Station anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Radio Station's ability to react to unknown issues.

CONTACTING THE RADIO STATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, radio listeners and taxpayers in the community college merged area and our creditors with a general overview of the Radio Station's finances and to demonstrate the Radio Station's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Western Iowa Tech Community College, 4647 Stone Avenue, Sioux City, Iowa 51106.

KWIT-KOJI FM RADIOEXHIBIT AA PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGESTATEMENT OF NET ASSETSJUNE 30, 2011

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 311,777	\$ 28,457
Pledges Receivable	<u>681</u>	<u> </u>
Total Current Assets	\$ 312,458	\$ 28,457
<u>OTHER ASSETS</u>		
Endowment Investments - Note 3		\$ 1,279,036
Capital Assets, Net of Accumulated Depreciation - Note 4	\$ <u>376,088</u>	<u> </u>
Total Other Assets	\$ <u>376,088</u>	\$ <u>1,279,036</u>
Total Assets	\$ <u>688,546</u>	\$ <u>1,307,493</u>
<u>CURRENT LIABILITIES</u>		
Salaries and Benefits Payable	\$ 11,702	
Compensated Absences	<u>15,143</u>	<u> </u>
Total Current Liabilities	\$ 26,845	-
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 335,519	
Restricted:		
Non-Expendable		\$ 250,000
Expendable	40,569	1,059,063
Unrestricted	<u>285,613</u>	<u>(1,570)</u>
Total Net Assets	\$ <u>661,701</u>	\$ <u>1,307,493</u>
Total Liabilities and Net Assets	\$ <u>688,546</u>	\$ <u>1,307,493</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIOEXHIBIT AA PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGESTATEMENT OF NET ASSETSJUNE 30, 2010

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 348,093	\$ 7,297
Pledges Receivable	<u>1,062</u>	<u> </u>
Total Current Assets	\$ 349,155	\$ 7,297
<u>OTHER ASSETS</u>		
Endowment Investments - Note 3		\$ 1,107,284
Capital Assets, Net of Accumulated Depreciation - Note 4	\$ <u>421,895</u>	<u> </u>
Total Other Assets	\$ <u>421,895</u>	\$ <u>1,107,284</u>
Total Assets	\$ <u>771,050</u>	\$ <u>1,114,581</u>
<u>CURRENT LIABILITIES</u>		
Salaries and Benefits Payable	\$ 11,702	
Compensated Absences	<u>15,143</u>	<u> </u>
Total Current Liabilities	\$ 26,845	-
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 381,326	
Restricted:		
Non-Expendable		\$ 250,000
Expendable	40,569	864,581
Unrestricted	<u>322,310</u>	<u> </u>
Total Net Assets	\$ <u>744,205</u>	\$ <u>1,114,581</u>
Total Liabilities and Net Assets	\$ <u>771,050</u>	\$ <u>1,114,581</u>

See Accompanying Notes to Financial Statements

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2011

	KWIT-KOJI FM Radio	<u>Component Unit</u> Friends of FM 90
<u>OPERATING REVENUES</u>		
Corporation for Public Broadcasting Support	\$ 171,312	
Rental of Facilities	33,387	
Donated Materials and Services	37,792	
Gifts and Contributions		\$ 160,868
Other Operating Revenues	<u>59,853</u>	
Total Operating Revenues	\$ 302,344	\$ 160,868
<u>OPERATING EXPENSES</u>		
Program Services:		
Programming and Production	\$ 444,851	\$ 6,657
Broadcasting	95,033	
Program Information	<u>22,477</u>	
	\$ 562,361	\$ 6,657
Management and General	<u>206,104</u>	
Total Operating Expenses	\$ 768,465	\$ 6,657
Operating Income (Loss)	\$(466,121)	\$ 154,211
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
State Support	\$ 233,023	
College Support - Indirect	160,285	
Investment Income, Net of Investment Expense of \$9,003		\$ 189,295
Gifts from Friends of FM 90	150,594	
Payments to KWIT-KOJI		(150,594)
Donated Facilities	<u>(160,285)</u>	
Net Non-Operating Revenues (Expenses)	\$ 383,617	\$ 38,701
Change in Net Assets	\$(82,504)	\$ 192,912
Net Assets - Beginning of Year	<u>744,205</u>	1,114,581
Net Assets - End of Year	\$ <u>661,701</u>	\$ <u>1,307,493</u>

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

	KWIT-KOJI FM Radio	Component Unit Friends of FM 90
<u>OPERATING REVENUES</u>		
Corporation for Public Broadcasting Support	\$ 164,792	
Rental of Facilities	32,924	
Donated Materials and Services	39,101	
Gifts and Contributions		\$ 128,357
Other Operating Revenues	<u>68,749</u>	
Total Operating Revenues	\$ 305,566	\$ 128,357
<u>OPERATING EXPENSES</u>		
Program Services:		
Programming and Production	\$ 430,825	\$ 6,205
Broadcasting	94,489	
Program Information	<u>23,437</u>	
	\$ 548,751	\$ 6,205
Management and General	<u>205,598</u>	
Total Operating Expenses	\$ 754,349	\$ 6,205
Operating Income (Loss)	\$(448,783)	\$ 122,152
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
State Support	\$ 220,331	
College Support - Indirect	143,517	
Investment Income, Net of Investment Expense of \$9,016		\$ 162,885
Gifts from Friends of FM 90	159,621	
Payments to KWIT-KOJI		(159,621)
Payments to Western Iowa Tech Community College		(24,940)
Equipment	(903)	
Donated Facilities	<u>(143,517)</u>	
Net Non-Operating Revenues (Expenses)	\$ 379,049	\$(21,676)
Change in Net Assets	\$(69,734)	\$ 100,476
Net Assets - Beginning of Year	<u>813,939</u>	<u>1,014,105</u>
Net Assets - End of Year	\$ <u>744,205</u>	\$ <u>1,114,581</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIOEXHIBIT CA PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGESTATEMENT OF CASH FLOWSFOR THE YEAR ENDED JUNE 30, 2011INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Operating Grants Received from the Corporation for Public Broadcasting	\$ 171,312	
Rental Receipts	33,387	
Cash Received from Donors and Others	60,234	\$ 160,868
Cash Payments to Employees and Others	(684,866)	(6,657)
Net Cash Provided (Used) by Operating Activities	\$(419,933)	\$ 154,211
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Cash Received from State Support	\$ 233,023	
Cash Received from Gifts from Friends of FM 90	150,594	
Cash Paid for Gifts to KWIT-KOJI	_____	\$(150,594)
Net Cash Provided (Used) by Non-Capital Financing Activities	\$ 383,617	\$(150,594)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Received from Investment Income		\$ 23,633
Cash Paid for Investment Expenses		(9,003)
Proceeds from Sale of Investments		339,719
Purchase of Investments	_____	(336,806)
Net Cash Provided by Investing Activities	_____ -	\$ 17,543
Net Increase (Decrease) in Cash and Cash Equivalents	\$(36,316)	\$ 21,160
Cash and Cash Equivalents - June 30, 2010	<u>348,093</u>	<u>7,297</u>
Cash and Cash Equivalents - June 30, 2011	\$ <u>311,777</u>	\$ <u>28,457</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIOEXHIBIT C
(Cont.)A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGESTATEMENT OF CASH FLOWSFOR THE YEAR ENDED JUNE 30, 2011INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>KWIT-KOJI</u> <u>FM Radio</u>	<u>Component Unit</u> <u>Friends of</u> <u>FM 90</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u> <u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating Income (Loss)	\$(466,121)	\$ 154,211
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	\$ 45,807	-
Decrease in Pledges Receivable	381	-
Total Adjustments	\$ 46,188	-
Net Cash Provided (Used) by Operating Activities	\$(419,933)	\$ 154,211
 <u>SUPPLEMENTAL SCHEDULE OF SIGNIFICANT</u> <u>NON-CASH ACTIVITIES</u>		
College Support - Indirect	\$ 160,285	-
Donated Materials and Services	\$ 37,792	-

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIOEXHIBIT CA PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGESTATEMENT OF CASH FLOWSFOR THE YEAR ENDED JUNE 30, 2010INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Operating Grants Received from the Corporation for Public Broadcasting	\$ 164,792	
Rental Receipts	32,924	
Cash Received from Donors and Others	68,527	\$ 120,716
Cash Payments to Employees and Others	(670,011)	(6,205)
Net Cash Provided (Used) by Operating Activities	\$(403,768)	\$ 114,511
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Cash Received from State Support	\$ 220,331	
Cash Received from Gifts from Friends of FM 90	151,980	
Cash Paid for Gifts to KWIT-KOJI		\$(151,980)
Cash Paid for Gifts to Western Iowa Tech Community College		(24,940)
Net Cash Provided (Used) by Non-Capital Financing Activities	\$ 372,311	\$(176,920)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Received from Investment Income		\$ 22,177
Cash Paid for Investment Expenses		(9,016)
Proceeds from Sale of Investments		757,067
Purchase of Investments		(720,145)
Net Cash Provided by Investing Activities	-	\$ 50,083
Net (Decrease) in Cash and Cash Equivalents	\$(31,457)	\$(12,326)
Cash and Cash Equivalents - June 30, 2009	379,550	19,623
Cash and Cash Equivalents - June 30, 2010	\$ 348,093	\$ 7,297

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIOEXHIBIT C
(Cont.)A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGESTATEMENT OF CASH FLOWSFOR THE YEAR ENDED JUNE 30, 2010INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>KWIT-KOJI</u> <u>FM Radio</u>	<u>Component Unit</u> <u>Friends of</u> <u>FM 90</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u> <u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating Income (Loss)	\$(448,783)	\$ 122,152
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	\$ 45,694	
In-Kind Contributions		(7,641)
(Increase) in Pledges Receivable	(222)	
Increase in Salaries and Benefits Payable	1,291	
(Decrease) in Compensated Absences	(1,748)	
Total Adjustments	\$ 45,015	\$(7,641)
Net Cash Provided (Used) by Operating Activities	\$(403,768)	\$ 114,511
<u>SUPPLEMENTAL SCHEDULE OF SIGNIFICANT</u> <u>NON-CASH ACTIVITIES</u>		
College Support - Indirect	\$ 143,517	-
Donated Materials and Services	\$ 39,101	-
Gifts from Friends of FM90	\$ 7,641	\$(7,641)

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Program Services</u>			<u>Total</u>
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Program Information</u>	<u>Program Services</u>
Salaries, Related Payroll Costs and Fringe Benefits	\$ 246,335	\$ 73,410		\$ 319,745
Professional Services	15			15
Memberships	156,031	15		156,046
Communications				
Utilities				
Postage				
Other Services	2,565	988		3,553
Materials and Supplies	288	214		502
Periodicals	697			697
Lease Expense				
Equipment	3,275	202		3,477
Travel and Meeting Expense	323	2,283		2,606
Donated Personal Services of Volunteers	1,907			1,907
Donated Professional Services			\$ 22,477	22,477
Donated Materials and Facilities ...	12,472			12,472
Depreciation	<u>20,943</u>	<u>17,921</u>		<u>38,864</u>
Total Operating Expenses	\$ <u>444,851</u>	\$ <u>95,033</u>	\$ <u>22,477</u>	\$ <u>562,361</u>

<u>Supporting Services</u> <u>Management</u> <u>and</u> <u>General</u>	<u>Total</u> <u>Expenses</u>
\$ 122,589	\$ 442,334
7,395	7,410
850	156,896
580	580
51,264	51,264
2,432	2,432
878	4,431
4,607	5,109
66	763
5,328	5,328
2,110	5,587
126	2,732
	1,907
936	23,413
	12,472
<u>6,943</u>	<u>45,807</u>
<u>\$ 206,104</u>	<u>\$ 768,465</u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Program Services</u>			<u>Total</u>
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Program Information</u>	<u>Program Services</u>
Salaries, Related Payroll Costs and Fringe Benefits	\$ 247,506	\$ 73,907		\$ 321,413
Professional Services	24			24
Memberships	145,289	290		145,579
Communications				
Utilities				
Postage				
Other Services	1,639			1,639
Materials and Supplies	470	241		711
Periodicals	315			315
Lease Expense				
Equipment				
Travel and Meeting Expense	94	2,130		2,224
Donated Personal Services of Volunteers	1,798			1,798
Donated Professional Services			\$ 23,437	23,437
Donated Materials and Facilities ...	12,859			12,859
Depreciation	<u>20,831</u>	<u>17,921</u>	<u> </u>	<u>38,752</u>
Total Operating Expenses	\$ <u>430,825</u>	\$ <u>94,489</u>	\$ <u>23,437</u>	\$ <u>548,751</u>

<u>Supporting Services</u> <u>Management</u> <u>and</u> <u>General</u>	<u>Total</u> <u>Expenses</u>
\$ 118,376	\$ 439,789
4,415	4,439
795	146,374
579	579
51,970	51,970
2,401	2,401
2,959	4,598
7,314	8,025
192	507
5,328	5,328
3,051	3,051
269	2,493
	1,798
1,007	24,444
	12,859
<u>6,942</u>	<u>45,694</u>
 \$ <u>205,598</u>	 \$ <u>754,349</u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

KWIT-KOJI FM Radio is a non-profit, non-commercial radio station and an affiliate of the National Public Radio Network. The Radio Station operates with a power of 100,000 watts, including a repeater station. Emphasis is placed on service to eighteen counties in northwest Iowa. KWIT-KOJI FM Radio is operated by, and the financial activity is included in the financial statements of, Western Iowa Tech Community College, Sioux City, Iowa.

A. Reporting Entity

The financial statements of KWIT-KOJI FM Radio include the discrete presentation of Friends of FM 90 (Friends), a legally separate, tax-exempt component unit of the Radio Station. Friends acts primarily as a fund-raising organization to supplement the resources that are available to the Radio Station in support of its programming. Although the Radio Station does not control the timing or amount of receipts from Friends, the majority of resources, or income thereon, that Friends holds and invests are restricted to the activities of the Radio Station by the donors.

Friends purchased \$0 and \$6,738 of major equipment and \$0 and \$903 of minor equipment for the radio station during the years ended June 30, 2011 and 2010, respectively, and distributed \$150,594 and \$144,339 to KWIT-KOJI for unrestricted programming purposes, during the years ended June 30, 2011 and 2010, respectively.

B. Basis of Presentation

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net asset categories:

Invested in Capital Assets, Net of Related Debt

Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets

Nonexpendable

Net assets subject to externally-imposed stipulations that they be maintained permanently by the Radio Station, including permanent endowment funds.

Restricted Net Assets

Expendable

Net assets whose use by the Radio Station is subject to externally - imposed stipulations that can be fulfilled by actions of the Radio Station, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets

Net assets that are not subject to externally-imposed situations.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Cont.)

GASB Statement No. 35 also requires the Statements of Net Assets, Revenues, Expenses and Changes in Net Assets, Cash Flows and Functional Expenses be reported on a consolidated basis. The effect of interfund activity has been removed from these statements.

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, the Radio Station is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the Radio Station have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. State support is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Radio Station applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretation, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

D. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the statement of net assets:

Investments - Investments are stated at fair value.

Capital Assets - Capital assets, which include buildings, radio tower, furniture and equipment, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at fair market value at the date of donation. Depreciation expense is recorded on capital assets using the straight-line method over their estimated useful lives. For the years ended June 30, 2011 and 2010, depreciation expense was \$45,807 and \$45,694, respectively.

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are defined by the Radio Station as assets with initial, individual costs in excess of \$5,000 and estimated useful lives in excess of two years.

Compensated Absences - Radio Station employees accumulate a limited amount of earned but unused vacation benefits for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities of the appropriate fund. These liabilities have been computed based on rates of pay in effect at year end.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

E. In-Kind Contributions

Donated professional services and materials are recorded as revenue and expenditures in the accompanying statements of revenues, expenses and changes in net assets at estimated fair value.

Donated facilities from Western Iowa Tech Community College consist of office and studio space together with related occupancy costs and are recorded as revenue and expenses at estimated fair rental values. Administrative support from Western Iowa Tech Community College consists of allocated financial and administrative costs and certain other expenses incurred by the College on behalf of the Radio Station.

Total recorded in-kind contributions for June 30, 2011 and 2010, are as follows:

	<u>2011</u>	<u>2010</u>
Donated Professional Services of Volunteers:		
Voluntary Services	\$ 1,907	\$ 1,798
Donated Professional Services and Programs:		
Advertising and Contracted Services	23,413	24,444
Donated Materials and Facilities:		
Compact Discs, Other Materials		
and Equipment	12,472	12,859
College Facilities	<u>160,285</u>	<u>143,517</u>
	<u>\$ 198,077</u>	<u>\$ 182,618</u>

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Allowance for Uncollectible Pledges

The allowance for uncollectible pledges is maintained at a balance which, in the opinion of management, is adequate to reflect pledges receivable at their net realizable value. No allowance was considered necessary at June 30, 2011 or 2010.

H. Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates of personnel time and space used.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 2 - CASH AND CASH EQUIVALENTS

The Radio Station's deposits in the bank accounts of Western Iowa Tech Community College at June 30, 2011 and 2010, were entirely covered by the Federal Depository Insurance Corporation, government securities pledged by the banks as collateral on repurchase agreement accounts, or by the State Sinking Fund, in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

For purposes of the Statement of Cash Flows, the Radio Station considers all unrestricted short term debt securities purchased with a maturity of three months or less to be cash equivalents.

Note 3 - ENDOWMENT INVESTMENTS

The Friends of FM 90 Endowment was established by a contributor to benefit the arts organization within the Siouxland Community. This contribution and its earnings were fully restricted until the principal reached \$250,000. Because the principal has surpassed \$250,000, interest earned may now be withdrawn for Radio Station activities. The investments are recorded at market. A summary of the investments is as follows:

	2011 <u>Cost</u>	2011 <u>Market</u>
Federated Prime Management Obligations Fund	\$ 85,473	\$ 85,473
Wells Fargo and Co. at 4.95%, Maturing 10-16-13 (A2)	70,735	69,165
Morgan Stanley Global Sub at 4.75%, Maturing 4-1-14 (A3)....	51,610	52,119
Goldman Sachs Group Ser D at 3.70%, Maturing 8-1-15 (A1)..	50,734	50,913
National Rural Utilities COOP at 5.45%, Maturing 4-10-17 (A1)	50,204	56,528
Federal National Mortgage Association at 2.75%, Maturing 3-13-14 (AAA)	24,906	26,299
Federal Home Loan Bank at 4.75%, Maturing 12-12-14 (AAA)	51,279	55,826
Federal Home Loan Bank at 5.00%, Maturing 12-11-15 (AAA)	25,769	28,447
Federated Emerging Market Debt Fund	22,195	23,966
Goldman Sachs High Yield Bond Inst Shares	56,260	59,026
IPath Dow Jones - UBS Commodity Index	49,319	61,399
Fidelity Advisor Small Cap	43,145	51,988
Goldman Sachs Growth Opportunities Fund Investment	54,650	65,821
Hotchkis & Wiley Mid Cap Value	44,240	58,250
Longleaf Partners International Fund	63,660	76,317
Mainstay Funds Large Cap Growth Fund Class	151,969	162,278
Oakmark International	66,682	77,601
Royce Total Return Inst	22,290	28,004
T Rowe Price Equity Income	54,166	63,172
Weitz Value Portfolio	54,002	64,563
I Shares MSCI Emerging Markets Index Fund	40,916	61,881
Total	\$ <u>1,134,204</u>	\$ <u>1,279,036</u>

KWIT-KOJI FM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 3 - ENDOWMENT INVESTMENTS
(Cont.)

	<u>2010</u> <u>Cost</u>	<u>2010</u> <u>Market</u>
Federated Prime Management Obligations Fund	\$ 473,546	\$ 473,546
Chase Growth Fund	49,750	48,332
Dodge & Cox	26,084	24,845
Fidelity Advisor Small Cap	18,725	18,266
Goldman Sachs Growth Opportunities Fund	25,050	24,070
Hotchkis & Wiley Mid Cap Value Fund	25,050	23,910
Legg Mason Capital Management Value Trust	49,750	47,064
Longleaf Partners International Fund	34,160	33,198
Oakmark International	57,682	53,654
Royce Total Return	13,240	12,812
T Rowe Price Equity Income	26,084	24,839
Wertz Value Portfolio	26,084	25,221
IPath Dow Jones - UBS Commodity Index	49,319	48,932
I Shares MSCI Emerging Markets Index Fund	40,917	48,516
National Rural Utility COOP at 5.45%, Maturing 4-10-17 (A1)	50,204	55,390
Federal Home Loan Bank at 5.00%, Maturing 12-11-15 (AAA)	25,769	28,570
Federal Home Loan Bank at 4.75%, Maturing 12-12-14 (AAA)	51,279	56,246
Federal National Mortgage Association at 2.75%, Maturing 3-13-14 (AAA)	24,906	26,119
Federated International High Income Fund	9,665	9,716
Goldman Sachs High Yield Bond Shares	24,020	24,038
Total	<u>\$ 1,101,284</u>	<u>\$ 1,107,284</u>

Interest Rate Risk: The Radio Station, as a part of Western Iowa Tech Community College, has an investment policy that limits the investment of operating funds (funds expected to be expended in the current budget year or within fifteen months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the Radio Station.

Credit Risk: The endowment investments that were rated by Moody's Investors Service at June 30, 2011 and 2010, have their ratings denoted in parentheses above. The remaining investments have either not been rated or are not exposed to credit risk.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 3 - ENDOWMENT INVESTMENTS

(Cont.) Concentration of Credit Risk: The Radio Station's policy is to diversify its investments by limiting investments in prime bankers acceptances or commercial paper to no more than 10% of its portfolio maturities. At June 30, 2011 and 2010, the following investment types exceeded 5% of the total endowment investment portfolio:

2011

Federated Prime Management Obligations Fund
Oakmark International Fund
Goldman Sachs Growth Opportunities Fund Investment
Longleaf Partners International Fund
Mainstay Funds Large Cap Growth Fund Class
Weitz Value Portfolio
Wells Fargo and Co.

2010

Federated Prime Management Obligations Fund
Oakmark International Fund
National Rural Utility COOP
Federal Home Loan Bank

On July 1, 2008, the State of Iowa adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which assisted organizations in managing their endowment funds. The Friends of FM 90 Endowment consists of one individual fund. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Law

The directors of Friends have reviewed the endowment fund for purposes of classifying as permanently restricted net assets, the historic dollar value of endowment funds received. The term "historic dollar value" is defined as the aggregate fair value in dollars of:

- (1) The original values of the gifts donated to the permanent endowment,
- (2) Each subsequent donation to the fund at the time it is made, and
- (3) Each accumulation made pursuant to a provision in the applicable gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment funds that are not classified as permanently restricted net assets shall be classified as temporarily restricted net assets until appropriated for expenditure by Friends in a manner consistent with the Standard of Prudence prescribed by UPMIFA.

KWIT-KOJI FM RADIO

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 3 - ENDOWMENT INVESTMENTS

(Cont.) Endowment Net Asset Composition by Type of Fund as of June 30, 2011.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor - Restricted Funds	<u>\$(1,570)</u>	<u>\$ 1,030,606</u>	<u>\$ 250,000</u>	<u>\$ 1,279,036</u>

Changes in Endowment Net Assets for the fiscal year ended June 30, 2011.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, June 30, 2010	-	\$ 857,284	\$ 250,000	\$ 1,107,284
Investment Gains (Losses):				
Investment Income		\$ 14,586		\$ 14,586
Net Appreciation:				
Realized		35,833		35,833
Unrealized		<u>138,833</u>		<u>138,833</u>
Total Investment Gains (Losses)	-	\$ 189,252	-	\$ 189,252
New Gifts		7,500		7,500
Appropriation of Endowment Assets for Expenditure		(25,000)		(25,000)
Other Changes:				
Transfers	<u>\$(1,570)</u>	<u>1,570</u>		-
Endowment Net Assets, June 30, 2011	<u>\$(1,570)</u>	<u>\$ 1,030,606</u>	<u>\$ 250,000</u>	<u>\$ 1,279,036</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2010.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor - Restricted Funds	<u>-</u>	<u>\$ 857,284</u>	<u>\$ 250,000</u>	<u>\$ 1,107,284</u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 3 - ENDOWMENT INVESTMENTS

(Cont.) Changes in Endowment Net Assets for the fiscal year ended June 30, 2010.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, June 30, 2009	-	\$ 744,482	\$ 250,000	\$ 994,482
Investment Gains (Losses):				
Investment Income		\$ 13,078		\$ 13,078
Net Appreciation:				
Realized		65,626		65,626
Unrealized		<u>84,098</u>		<u>84,098</u>
Total Investment Gains (Losses)	-	\$ 162,802	-	\$ 162,802
Appropriation of Endowment Assets for Expenditure		<u>\$ (50,000)</u>		<u>\$ (50,000)</u>
Endowment Net Assets, June 30, 2010	<u>-</u>	<u>\$ 857,284</u>	<u>\$ 250,000</u>	<u>\$ 1,107,284</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Friends to retain as a fund of perpetual duration. In accordance with the Codification, deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of temporarily restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

Return Objectives and Risk Parameters

Friends has adopted investment and spending policies for endowment assets that attempt to achieve long-term preservation and conservative growth of the sums received as donations. Endowment assets include those assets of donor-restricted funds that Friends must hold in perpetuity or for a donor-specified period(s) as well as board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that will obtain the maximum possible total return, taking into account both income and appreciation, that is consistent with an acceptable level of risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Friends relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Friends targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 3 - ENDOWMENT INVESTMENTS

(Cont.) Spending Policy and How the Investment Objectives Relate to Spending Policy
Friends has a policy of appropriating for distribution each year a certain percent, not to exceed four percent, of its endowment fund's market value on December 31st of the preceding year.

Note 4 - CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2011 and 2010, is as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Buildings	\$ 286,625			\$ 286,625
Radio Tower	570,814			570,814
Furniture and Equipment	229,614			229,614
	<u>1,087,053</u>	<u>-</u>	<u>-</u>	<u>1,087,053</u>
Accumulated Depreciation	(665,158)	\$(45,807)		(710,965)
Net Capital Assets	<u>\$ 421,895</u>	<u>\$(45,807)</u>	<u>-</u>	<u>\$ 376,088</u>

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Buildings	\$ 286,625			\$ 286,625
Radio Tower	570,814			570,814
Furniture and Equipment	222,876	\$ 6,738		229,614
	<u>\$ 1,080,315</u>	<u>\$ 6,738</u>	<u>-</u>	<u>\$ 1,087,053</u>
Accumulated Depreciation	(619,464)	(45,694)		(665,158)
Net Capital Assets	<u>\$ 460,851</u>	<u>\$(38,956)</u>	<u>-</u>	<u>\$ 421,895</u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 5 - OPERATING LEASES

The Radio Station leases tower and transmitter space to various other communications companies in the area. All of the leases are classified as operating leases. The estimated minimum rent receipts for the remainder of the lease terms are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2012	\$ 34,743
2013	29,174
2014	13,355
2015	13,355
2016	13,355
Beyond 2016	<u>14,468</u>
Total	\$ <u>118,450</u>

The Radio Station also leases tower space from which its repeater station, KOJI, transmits. This lease expires June 3, 2012. The future minimum lease payments required by the Radio Station for the lease term are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2012	\$ 4,884

Total lease expense for the years ended June 30, 2011 and 2010, was \$5,328.

Note 6 - IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

Western Iowa Tech Community College contributes to the Iowa Public Employees Retirement System (IPERS) on behalf of KWIT-KOJI FM Radio. IPERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa, 50306-9117.

For the year ended June 30, 2011, Plan members are required to contribute 4.50% of their annual covered salary and the Community College is required to contribute 6.95% of annual payroll. For the year ended June 30, 2010, the required contributions percentages were 4.30% and 6.65%, respectively. Contribution requirements are established by state statute. The Community College's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009, were \$4,404, \$3,925, and \$3,712, respectively, equal to the required contributions for each year.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 7 - TEACHERS INSURANCE AND ANNUITY ASSOCIATION -
COLLEGE RETIREMENT EQUITIES FUND (TIAA-CREF)

Western Iowa Tech Community College contributes to the TIAA-CREF retirement program, a defined contribution plan, on behalf of KWIT-KOJI FM Radio. TIAA administers the retirement plan for the Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Community College employees must participate in a retirement plan from the date they are employed.

Contributions made by both employer and employee vest immediately. For the year ended June 30, 2011, as specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee was required to contribute 4.50% and the Community College was required to contribute 6.95%. For the year ended June 30, 2010, the required contribution percentages were 4.30% and 6.65%, respectively. The Community College's required and actual contributions to TIAA-CREF for the years ended June 30, 2011 and 2010, were \$17,679 and \$17,927, respectively. The employees' required and actual contributions to TIAA-CREF for the years ended June 30, 2011 and 2010, were \$11,447 and \$11,592, respectively.

Note 8 - FUNDRAISING EXPENSES

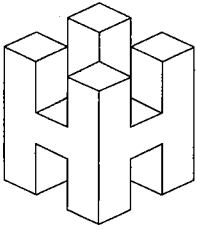
During the years ended June 30, 2011 and 2010, the Radio Station conducted various fundraising activities. Management and general expenses related to fundraising for the years ended June 30, 2011 and 2010, total \$34,695 and \$36,155, respectively.

Note 9 - CONTINGENCIES

The National Telecommunications and Information Administration, as the federal grantor of funds to KWIT-KOJI FM Radio, holds a 10-year reversionary interest in digital equipment purchased by the Radio Station during the year ended June 30, 2004. The period of interest expires June 30, 2014. Accordingly, the Radio Station has \$40,569 of expendable restricted net assets.

Note 10 - SUBSEQUENT EVENTS

The Radio Station has evaluated all subsequent events through September 29, 2011, the date the financial statements were available to be issued.



**HENJES, CONNER &
WILLIAMS, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Western Iowa Tech Community College
Sioux City, Iowa

We have audited the financial statements of the business-type activities and discretely presented component unit of KWIT-KOJI FM RADIO, a public telecommunications entity operated by Western Iowa Tech Community College, as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Radio Station's basic financial statements and have issued our report thereon dated September 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Radio Station's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Radio Station's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Radio Station's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Radio Station's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Radio Station's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the officials, employees and constituents of KWIT-KOJI FM Radio, a public telecommunications entity operated by Western Iowa Tech Community College, and its discretely presented component unit, and other parties to whom the Radio Station may report, including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Harjes, Connor & Williams, P.C.
Certified Public Accountants

Sioux City, Iowa
September 29, 2011